

The 2nd International Conference on Business and Banking Innovations (ICOBBI)
“Nurturing Business and Banking Sustainability”
Surabaya, 14th - 15th August 2020

Proceeding Book of
The 2nd International Conference on Business and Banking Innovations
(ICOBBI) 2020
“Nurturing Business and Banking Sustainability”
Surabaya, 14 - 15th August 2020

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Indonesia**

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FOREWORD

Alhamdulillah, praise be to Allah Subhanahu Wa Ta'ala for granting us the opportunity to organize and publish the proceedings of the 2nd International Conference on Business and Banking Innovations (ICOBBI) with the topic “*Nurturing Business and Banking Sustainability*”. This proceeding contains several researches articles from many fields in Marketing, Management Technology, Finance, Banking, Human Resources Management, Information System Management, and Islamic Economics.

The 2nd International Conference on Business and Banking Innovations was held on 14th – 15th August 2020 by virtual (online) meeting and organized by the Master Management Study Program of STIE PERBANAS Surabaya in Collaboration with six Higher Education Institutions in Indonesia and five Universities from Asia countries. Keynote speakers in this conference were: Prof. Angelica M..Baylon, Ph.D (Director of the Maritime Academy of Asia and the Pacific, Philippines), Chonlatis Darawong, Ph.D. (Head of the Master of Business Program Sripatum Chonburi University - SPU Graduate School Bangkok, Thailand), Prof. Madya Dr. Reevany Bustami (Director of Centre for Policy Research and International Studies Universiti Sains Malaysia), Associate Prof. Dr. Ellisha Nasruddin (Graduate School of Business Universiti Sains Malaysia), Associate Prof. Pallavi Pathak Ph.D. (School of Management Sciences, Varanasi, India) and Prof. Dr. Tatik Suryani (Head of the Master of Management Study Program of STIE Perbanas Surabaya, Indonesia).

I would like to give high appreciation to the Rector of STIE Perbanas Surabaya for his support at this event. Acknowledgments and thank you to all the steering and organizing committees of the ICOBBI for the extra ordinary effort during the conference until this proceeding published. Thank you very much to all presenter and delegates from various Universities. Beside it, I would like to express our gratitude to the six universities, namely Universitas 17 Agustus Surabaya, Universitas Surabaya, Universitas Dr. Soetemo Universitas Dian Nuswantoro Semarang, STIE 66 Kendari, Institut Institut Bisnis dan Keuangan Nitro Makassar which has been the co-host of this event.

Hopefully, the proceeding will become a reference for academics and practitioners, especially the business and banking industry to get benefit from the various results of the research field of Business and Banking associated with Information Technology. Proceedings also can be accessed online on the website <https://pascasarjana.perbanas.ac.id>.

Chair of the Master Management Study Program
STIE Perbanas Surabaya

Prof. Dr. Tatik Suryani, M.M.

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"Nurturing Business and Banking Sustainability"

Surabaya, 14th - 15th August 2020

Tabel of Content

Cover.....	i
Committee.....	ii
Reviewers.....	iii
Foreword.....	iv
Table of Content.....	v

Marketing

Analyzing Competitive Strategies in Food SMEs Post Pandemic Covid-19 (Case Study in Madiun Municipality)	1 - 9
Tatik Mulyati; Saraswati Budi Utami; Hendro Susi	

Effect of Support Services And Relationship Quality on Customer Loyalty and Repurchase Intention on Johnson & Johnson Customers in Surabaya.....	10 - 21
Fеды Ardiansyah	

The Effect of Service Quality and Trust on Repurchase Intention Through Customer Satisfaction in Rollaas Cafe Mall City of Tomorrow Surabaya	22 - 31
Brahma Satrya	

Analysis of Logistics Services Quality Using SERVQUAL Method in Surabaya City: Literature Review and Research Suggestion	32 - 36
Andini Anastasia Novitasari	

Exploration of Factors Affecting Customer Satisfaction and Loyalty in Community Pharmacies in Thailand: A Qualitative Study	37 - 43
Ramida Maruay; Chonlatis Darawong; Boonkiat Wisittigars	

The Effect of Social Media Marketing Activities, Brand Image, Customer Satisfaction on Shopee Customer Loyalty in Surabaya City	44 - 49
Farhan Hisyam; Tatik Suryani	

Performance Analysis Through Intrinsic and Extrinsic Motivation with Work Satisfaction as Intervening Variables in Retail Company Employees in Surabaya (Case Study on Employees of PT. Lotte Mart Marvel Surabaya)	50 - 55
Firdaus	

Influence of Work Fatigue, Unclear Tasks and Management Career on Employee Turnover at PT. Sulselbar Bank.....	56 - 64
Rosnaini Daga; Armi Pasampang; Aminuddin Hamdad	

Performance of Service In General Hospital City of Surabaya Era Covid-19.....	65 - 71
Feliks Anggia B.K. Panjaitan; Hwihanus; Adiati Trihastuti; Hotman Panjaitan	

The 2nd International Conference on Business and Banking Innovations (ICOBBI)

"Nurturing Business and Banking Sustainability"

Surabaya, 14th - 15th August 2020

Workability and Self Awareness on Employee Engagement in Indonesian Manufacturing Industries	72 - 78
Siti Mujanah	
Increasing Performance through Motivation and Competence at 17 August 1945 University Surabaya.....	79 - 89
Sri Budi Kasiyati; Endang Setyowati; Ida Bagus Cempena	
Developing Brand Loyalty	90 - 97
Estik Hari Prastiwi	
E-Marketing Adoption As an Alternative Solution For Fight Back The Covid-19.....	98 - 105
Febrianur Ibnu Fitroh Sukono Putra	
The Approach of The Agility Social Innovation: A Dynamic Capability Strategy	106 - 112
Mufti Agung Wibowo	
Quality of Work Life and Work Stress on Employee Performance	113 - 117
Sumiati	
Word of Mouse: How e-WOM Influence Consumer Behavior (A Study of UNTAG Surabaya Student)	118 - 128
Nanis Susanti	
The Effect of Service Quality, Customer Trust, Brand Image and Electronic Word of Mounth on Online Purchasing Decisions on Shopee Customers in Surabaya	129 - 144
Anis Fitriyasari	
The Effect of Marketing Mix 7Ps, Customer Experience, and Customer Relationship Marketing on Customer Loyalty Mediated by Indomaret Customer Satisfaction in Surabaya.....	145 - 152
Citra Putri Ramadani	
The Impact Of Celebrity Endorser And Self-Connection Of The Brand On The Equity Of The Brand	153 - 166
Mahmud; Mia Dika Anggraini	
The Brand Loyalty Determining Factors: The Role of Self Brand Connection, Brand Love, Brand Trust And Brand Image (at PT. Eloda Mitra)	167 - 174
Budi Anandya; Ni Made Laksmi Oktavia	
The Effect of Website and Social Media on Customer Behavior Responses	175 - 182
Tatik Suryani; Abu Amar Fauzi; Mochamad Nurhadi	
What Makes Tencent Becomes a Successful Business? a Case Study Analysis of Tencent.....	183 - 190
Binsar Energia Pratama Napitupulu	

The 2nd International Conference on Business and Banking Innovations (ICOBBI)

"Nurturing Business and Banking Sustainability"

Surabaya, 14th - 15th August 2020

The Effects of Social Media Marketing Activities on Brand Love and Brand Trust That Have an impact on Brand Loyalty of Visval Bags Consumers.....	191 - 196
Novian Navas Mahardhika	
Analysis the Effect of Marketing Mix on Consumer Decisions in Buying Paint Products ...	197 - 205
Febrianto Ramadhan	
Analysis of The Impact of The Development of Inolobunggadue Central Park (ICP) on Micro, Small And Medium Enterprises in Konawe Regency.....	206 - 212
Abdul Razak	
The Effect of Transformational Leadership and Work Commitment on Incentives and Disaster Preparedness for Southeast Sulawesi Province Disaster Preparedness	213 - 222
Bakhtiar Abbas	
The Effect of Service Quality on Civil Population Document Towards Society's Satisfaction and Trust for Population and Civil Registry Office of Kendari City.....	223 - 232
Nofal Supriaddin	
CRM Impact on Customer Satisfaction and Customer Loyalty at Garuda Indonesia: The Airline of Indonesia	233 - 240
Muhamad Reynaldi Adhyaksa	
The Implementation of Simple Form Gamification In Companies	241 - 246
Nathania Agatha Benita	
Social Entrepreneurship dan Peningkatan Ekonomi pada Siswa SMA Selamat Pagi Indonesia	247 - 254
Azwar Cholili	
Leaping Innovation Barriers For Business Longevity Purpose Based on Different Measurements of Innovation	255 - 261
Mia Novinda Mudjiono	
Business Model Analysis: A Study Case in Wood Pellet Industry.....	262 - 267
Kadek Budiadnyana Putra	
Drivers And Barriers Of Purchasing Groceries Online In Surabaya :Age, Gender, Educational Level And Experience As Moderating Variables	268 - 273
Diky Murdoyo Rahadiarto	
Optimization Services and Strategies Toward Satisfaction Value of Training Participants Held by Integrated Service Unit Surabaya	274 - 282
Sukesi	

The 2nd International Conference on Business and Banking Innovations (ICOBBI)

"Nurturing Business and Banking Sustainability"

Surabaya, 14th - 15th August 2020

The Influence of Investment Knowledge, Investment Motivation, Investment Capital and Investment Risk Perception on Investment Interest in Capital Markets (Study On Feb Dr. Soetomo University Students)..... 283 - 288
Sri Handini

The Effects Of Human Capital And Strategic Partners On Strategic Planning And Organizational Performance (Study at PT. Segar Murni Utama) 289 - 296
JFX. Susanto Soekiman

The influenxe of Utilitarian Value, Hedonic Value, and Perceived Risk on Customer Satisfaction and Customer Loyalty to Shopee Customers in Surabaya..... 297 - 303
Nensi Laurence Nggai; Dudy Anandya

Unisfat The Pattern of Spatial Interaction of Workers in Central Java Province using the Explanatory Spatial Data Analysis (ESDA) Approach 304 - 315
Caroline; Achmad Nuruddin S.; Etty Puji Lestari; Ceasilia Srimindarti; Teguh Imam Rahayu

Analysis Web-Based Customer Relationship Management Strategy at PT. ABC 316 - 320
Alfred Turisnol

The Influence of Planned Behavior On The Level of Customer Trust And Satisfaction In Determining Loyalty In Green Hotels In Indonesia 321 - 328
Hayuning Purnama Dewi

Financial

Independence Financial Expertise in Audit Committee and Tax Avoidance: is business strategy moderate this relationship?329 - 337
Ms. Lisa Gabrielle; Devie; Juniarti

Effect of Asset Quality, Liquidity, Solvability, Efficiency and Good Corporate Governance (GCG) Towards Go Public Bank Profitability In Indonesia338 - 350
Ramlan

Credit Quality Stress Tests Based on Macroeconomics at Bank Persero in Indonesia in 2008 - 2016351 - 359
Elna Arlina Nandasari

Decision On The Utilization Of Digital Payment In Millennial Generation Based On Perceived Experience.....360 - 365
Karta Negara Salam; Muh. Imam Taufiq

Determining Factors of Thin Capitalization Practices in Indonesia366 - 381
Jepri Duwi Safrudin; Diah Hari Suryaningrum

The 2nd International Conference on Business and Banking Innovations (ICOBBI)

"Nurturing Business and Banking Sustainability"

Surabaya, 14th - 15th August 2020

Factors That Become A Customer Considerations Become A Brachless Bangking Agent ..382 - 388 Novita Rosanti	
Going Concern and Liquidity Perspective in Indonesia Manufacture Industry.....389 - 394 Tri Ratnawati; Widi; Rahmiyati; Nekky	
Influence Of Debt Policy And Cash Ratio On Dividend Policy On IDX30 Index In Indonesia Stock Exchange.....395 - 400 Muhammad Ashary Anshar; Ichbal Warimin	
Performance Analysis Of Share And After Online Application On The Sector Registered Transportation In Indonesia Exchange401 - 406 Rachman Suwandaru; Hartina	
Measuring The Performance of the Surabaya City Regional Budget Value For Money Analysis.....407 - 414 Risanda Alirastra Budiantoro; Tito Aditya Perdana	
A Syestematic Literature Review of Liquidity, Asset Quality, Size, Solvability and Efficiency of Probability on National Private Commercial Banks Go Public415 - 421 Devinta Ayu Ramadhani	
The Effect of Multiple Role Conflict on Employees Performance Moderated By Self Efficac422 - 428 Awanis Linati Haziroh, S.M, M.M.; Amanda Dyla Pramadanti; Raden Ayu Aminah R.P.S; Febrianur Ibnu Fitroh Sukono Putra	
The Factors of Banking Capital Structure Determination in Indonesia.....429 - 434 Foza Hadyu Hasanatina; Amalia Nur Chasanah; Vicky Oktavia	
Identification and Analysis of Regional Economic Growth Patterns in the New Autonomous Region of Southeast Sulawesi Province.....435 - 448 H. Mahmudin A. Sabilalo	
Corporate Partnership of PT. SKLT with Crackers MSME in Sidoarjo As a Form Corporate Social Responsibility (CSR)449 - 463 Jimmy Herlambang	
Influencing Factors Safety Quality Cost Delivery People (SQCDP) on Lean Manufacturing Implementation at Directorate Production Indonesian Aerospace (IAe).....464 - 471 Niza Nurmalasari; Ida Aju Brahmasari; Ida Aju Brahma Ratih	
Increasing the Role Of Bank Financial Institutions and Non-Bank Financial Institutional in Providing Optimal Distribution For Communities During The COVID-Pandemic.....472 - 479 Matdio Siahaan	

The 2nd International Conference on Business and Banking Innovations (ICOBBI)

"Nurturing Business and Banking Sustainability"

Surabaya, 14th - 15th August 2020

Utilization of Payment Gateway in Fundraising from a Management Perspective of Zakat, Infaq, and Alms: A Case Study of Baitul Maal Hidayatullah Surabaya	480 - 486
Sarah Lutfiyah Nugraha and Ika Yunia Fauzia	
The Impact of Capital Structure Towards Firm Performance Moderated by Corporate Governance in LQ-45 Company in BEI at 2013-2018.....	487 - 495
Gabby Markus Angkasajaya; Putu Anom Mahadwartha	

Analysis of Logistics Services Quality Using SERVQUAL Method in Surabaya City :

Literature Review and Research Suggestion

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ABSTRACT

Covid-19 Pandemic currently has an impact on a variety of fields, one of which is logistics services, especially in freight forwarding services whose trends are increasing. Firstly, the study aims to explore service quality dimension and analyze the gap between customer perceptions and expectations of the logistics services using the SERVQUAL method. Secondly, the study aims to know the correlation between service quality towards customer satisfaction and customer loyalty in logistics services. This study was designed as a qualitative research by using theoretical reviews based and was supporting by previously research. The basic concept underlined by this theoretical review are the SERVQUAL method, customer satisfaction and customer loyalty. By critical review and classifying the result of previous researches, this research found some propositions: (1) The five dimensions of SERVQUAL can shape the quality of services in logistics services (2) The quality of logistics services consisting of SERVQUAL dimensions has a significant correlation to customer satisfaction (3) Customer Satisfaction has a significant correlation to customer loyalty.

1. INTRODUCTION

Covid-19 (Corona Virus Disease) is a virus that has started to spread throughout the world including in Indonesia since the end of 2019. Covid-19 confirmation cases in Indonesia are increasing every day and the peak is in April-June 2020 where many sectors are involved suffered losses and companies began to reduce the number of workers and some even decided to go out of business. However, there are a number of business sectors that have an increasing trend during the Covid-19 pandemic, one of which is logistics services, especially in freight forwarder services. As we know, most people prefer to make ends meet by shopping online rather than having to go to public shopping places to avoid direct interaction with many people who can cause the possibility of contracting the Covid-19 virus. This is what causes the growth of demand for freight forwarder services in Indonesia.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Service Quality

Basic quality is defined as suitability in use and product features that meet customer needs to build customer satisfaction (Juga, et al., 2010). Quality of service is the rate of excellence expected and control over the level of excellence to meet customer desires (Tileng et al., 2013). Customer perceptions on services sometimes different with customer expectations. What customers feel after using a service is not necessarily what they expected beforehand. Previous studies also show that the quality of service really needs to be considered, especially in service companies such as logistics services.

Gronroos (1984) identifies two dimensions of service quality, functional quality and technical quality. Functional quality determines the quality of service from how the process of a customer getting a product or service. While technical quality determines the quality of service from what consumers get as a result of a production process. The two dimensions of service quality stated by Gronroos can conclude that customers are not only interested in what they receive as a result of a production process, but the process itself can also have an effect on customer satisfaction. The level of customer service as the objective of the functioning of the logistics system acts as a scale of the quality of service provided by an organization or company (Kadlubek & Grabara, 2015).

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The 2nd International Conference on Business and Banking Innovations (ICOBBI)

"Nurturing Business and Banking Sustainability"

Surabaya, 14th - 15th August 2020

Parasuraman, Zeithaml and Berry (1985) formed an instrument for measuring service quality called SERVQUAL. Basically, SERVQUAL has 10 dimensions, but it has been simplified by Parasuraman in 1988 (Yousapronpaiboon, 2014) into 5 dimensions, namely as follows:

1. Tangibles, refers to physical facilities, equipment, personnel, and communication capabilities.
2. Reliability, refers to the ability to perform services reliably and accurately.
3. Responsiveness, refers to the willingness to help customers and provide prompt service.
4. Assurance, refers to the knowledge, courtesy of employees and the ability to convey customer trust and confidence in service providers.
5. Empathy, refers to the care or attention given to each customer.

Several previous studies using the SERVQUAL model stated that this model is the most accurate model in measuring service quality (Roslan, et al., 2015; Winarno, 2018; Tileng, et al., 2013; Kadlubek & Grabara, 2015, Limburg, et al., 2016).

Customer Satisfaction

According to Kotler (Heart & Juliati, 2019), customer satisfaction is a happiness or disappointment feeling of someone who appears after comparing perceptions or impressions of the performance of a product or services and its expectations. Oliver (1980) states that the concept of satisfaction has been widely used for decades in the literature examining various kinds of industries. Based on the previous studies that concern in customer satisfaction, Oliver (1980) proposes the theory of "expectation inconformity", which means that customers will feel satisfied if their goods exceed their expectations and customers will feel dissatisfied when their expectations exceed the actual conditions. Anderson, et al. (1994), emphasized that satisfaction should be viewed as an assessment based on experience about a particular product or service. In several previous studies, it has shown a direct relationship between customer satisfaction and customer loyalty (Shen & Liu, 2010; Saura, et al. 2008; Fauzi & Suryani, 2019).

Customer Loyalty

The concept of loyalty, which is also widely studied in the literature, not only shows loyalty to the behavioral dimension characterized by repeat purchases, but also loyalty to the attitude dimension which refers to emotional and positive feelings towards a company (Oliver, 1999). Caruana (Also, et al., 2010) states that loyalty is the extent to which a customer shows repeat purchase behavior from a service provider, has a positive attitude towards the service provider, and considers only using this provider when the need for this service exists. Loyalty shown by customers is generally driven by customer satisfaction factors. Customers who are satisfied with the performance of a company will make these customers more loyal to the company. The greater the level of customer satisfaction with the services provided by the company, the greater the level of customer loyalty to the company (Hati & Juliati, 2019).

The Effect of Service Quality towards Customer Satisfaction

Service quality and customer satisfaction are related concepts that are sometimes understood as synonym, especially by practitioners, but theoretical and empirical research mostly support the view that they are different concepts where quality performance leads to satisfaction (Also, et al., 2010). The better the quality of services provided by a company, the higher the level of satisfaction felt by customers. Hati and Juliati (2019) found that logistics service quality has a positive and significant effect on the level of customer satisfaction. In addition, several other studies also agree with this, where service quality is very influential on customer satisfaction (Sheng & Liu, 2010; Fauzi & Suryani, 2019; Gong & Yi, 2018).

The Effect of Customer Satisfaction towards Customer Loyalty

Kotler (Rajab, 2016) states that customers will feel satisfied if their expectations are met, and feel very happy if their expectations are exceeded. Satisfied customers are more likely to remain loyal for a longer period of time, are less sensitive to price changes and will also more often talk positive things about a company, in this case is a service company. Loyal customers can be a promotional media for the company itself. According to Saura, et al. (2008), loyalty is part of an effective business strategy which shows that providing the best service quality and achieving customer satisfaction can be the basis for developing a conceptual relationship between service quality, satisfaction, and loyalty. The main advantage of customer satisfaction is that it triggers customers to spread positive things from the services provided by word of mouth to their

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Surabaya, 14th - 15th August 2020

friends and other members of the reference group (Gerrard & Cunningham, 2001).

3. RESEARCH METHOD

This study is designed by qualitative research by using theoretical review based and supporting by previously studies that concern in service quality. The basic concept underlyed the theoretical review are service quality, customer satisfaction, and customer loyalty.

4. RESULT & DISCUSSION

The proposition of Service quality, customer satisfaction, and customer loyalty taken from research conducted by Sheng & Liu (2010), Fauzi & Suryani (2019), Gong & Yi (2018), Juga & Grant (2010), Saleem & Raja (2014), Ganiyu (2017), and Izogo & Ogba (2014). There are 2 relationships between the conceptual framework and previous research, that are relationship between Service quality and customer satisfaction, and the second one is the relationship between customer satisfaction and customer loyalty.

Table 4.1
Reviwed Based on Previous Research

Based on the previous studies and several journals that concern in service quality, it stated that SERV-

No.	Researchers	Countries	Research result
1.	Sheng & Liu (2010)	China	- Service quality has a positive relationship with customer satisfaction and customer loyalty - Customer satisfaction significantly related to customer loyalty
2	Fauzi & Suryani (2019)	Indonesia	Customer satisfaction has a significant relationship on customer loyalty
3	Gong & Yi (2018)	Asian Countries (China, Hong Kong, Japan, South Korea, Singapore)	Overall service quality has a positive influence on customer satisfaction which in turn leads to customer loyalty
4	Juga & Grant (2010)	Finland	Service quality influence loyalty through the customer's overall satisfaction
5	Saleem & Raja (2014)	Pakistan	- Service quality has a direct and significant effect on customer satisfaction - Customer satisfaction has a direct and significant effect on customer loyalty
6	Ganiyu (2017)	Nigeria	Customer satisfaction is strongly related and has potential to enhance customer's loyalty
7	Izogo & Ogba (2014)	Nigeria	- Service quality dimensions has a strong positive relationship with customer satisfaction - Customer satisfaction has a strong positive relationship with customer loyalty.

QUAL dimensions which consists of Tangibles, Reliability, Responsiveness, Assurance, and Empathy

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Surabaya, 14th - 15th August 2020

significantly proven as an appropriate service quality dimension, Service quality has a significant correlation with customer satisfaction, and Customer satisfaction has a significant correlation with customer loyalty.



Figure 4.1.
Conceptual Framework

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

From the explanation above, it can be concluded that the SERVQUAL dimensions can shape the quality of services in logistic services, Service quality has a correlation with customer satisfaction, and customer satisfaction has a correlation with customer loyalty.

The limitation of this research is that it is only a theoretical study which is taken based on the analysis of research journals that have been conducted by previous research related to service quality, customer satisfaction, and customer loyalty. In this article, the author does not conduct research, so the authors suggest to conduct various studies related to service quality, customer satisfaction, and customer loyalty. This research is a non-empirical theory and there are not many journals used, so it requires a major research that discusses service quality, customer satisfaction, and customer loyalty. The author does not explain the research instrument, so it is necessary to describe the research instrument to explore the research.

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